

SENATE BILL No. 303

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-25.

Synopsis: Tax credit for employing displaced workers. Provides a credit against state tax liability for a taxpayer who hires an Indiana displaced worker. Provides that the credit is equal to 10% of the annual compensation due to the Indiana displaced worker. Provides that if the taxpayer does not retain the worker for at least three years, the taxpayer must pay the amount of the credit to the state.

Effective: January 1, 2004.

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January 15, 2003, read first time and referred to Committee on Economic Development and Technology.

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Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 303

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-25 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2004]:

4 **Chapter 25. Tax Credit for the Employment of Displaced**
5 **Workers**

6 **Sec. 1. As used in this chapter, "full-time job" means a position**
7 **that requires at least thirty-five (35) hours of work each week and**
8 **is held by an Indiana resident employee during the entire year.**

9 **Sec. 2. As used in this chapter, "Indiana displaced worker"**
10 **means an Indiana resident who:**

11 **(1) was employed in one (1) job in Indiana for at least three**
12 **(3) years; and**

13 **(2) lost the job described in subdivision (1) due to economic**
14 **factors affecting the individual's employer.**

15 **The term does not include an individual whose employment was**
16 **terminated for cause.**

17 **Sec. 3. As used in this chapter, "pass through entity" means a:**

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(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has any state tax liability.

Sec. 6. (a) Subject to this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability in the taxable year during which the taxpayer hires an Indiana displaced worker.

(b) The amount of the credit allowed under this section is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the total value of the wages and benefits due each month to the Indiana displaced worker as of the date the Indiana displaced worker is hired.

STEP TWO: Multiply the STEP ONE amount by twelve (12).

STEP THREE: Multiply the STEP TWO amount by ten percent (10%).

(c) A taxpayer is not entitled to claim the credit provided by this section for rehiring an individual previously terminated by the taxpayer.

(d) A taxpayer may claim the credit under this chapter only if the total value of the wages and benefits paid to the Indiana displaced worker is equal to at least seventy-five percent (75%) of the total value of the wages and benefits paid to the individual in the individual's previous employment.

Sec. 7. To receive the credit provided by section 6 of this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue. The taxpayer shall submit to the department of state revenue proof of the taxpayer's employment of an Indiana displaced worker and all other information that the



1 department determines is necessary for the calculation of the credit
2 provided by this chapter.

3 Sec. 8. If the amount of the credit provided by section 6 of this
4 chapter exceeds the taxpayer's state tax liability, the taxpayer may
5 carry forward the amount of the excess for five (5) successive
6 taxable years. The credit provided under this chapter is not
7 refundable.

8 Sec. 9. If a taxpayer does not retain the Indiana displaced
9 worker for whom the taxpayer claims a credit under this chapter
10 for at least three (3) years, the taxpayer shall pay a penalty to the
11 department unless the Indiana displaced worker is terminated for
12 cause. The amount of the penalty is equal to the amount of the
13 credit taken under section 6 of this chapter.

14 Sec. 10. If a pass through entity does not have state income tax
15 liability against which the tax credit may be applied, a shareholder
16 or partner of the pass through entity is entitled to a tax credit equal
17 to:

18 (1) the tax credit determined for the pass through entity for
19 the taxable year; multiplied by

20 (2) the percentage of the pass through entity's distributive
21 income to which the shareholder or partner is entitled.

22 SECTION 2. [EFFECTIVE JANUARY 1, 2004] IC 6-3.1-25, as
23 added by this act, applies to taxable years beginning after
24 December 31, 2003.

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